

1. Claimant filed its proof of claim on April 9, 2020, attached hereto as Exhibit A. It is Claim Number 3. The claim is secured, in the amount of \$86,470.02.

2. Section 502(b)(1) of the Bankruptcy Code calls for disallowance of claims that are unenforceable under any applicable law. Claimant is unable to prove liability and/or damages with respect to the claim it has asserted, and the subject debtors deny each and every factual basis for the claim asserted. The subject debtors deny that they are indebted to Claimant for any amounts.

3. Pearl Operating contracted with PDS Drilling, LLC (“PDS”) to drill a well. Under that contract, PDS was liable for and fully indemnified Debtors for all costs and damages related to the drilling and bringing the well under control. That contract also provided that PDS was not Pearl Operating’s agent and had no authority to enter into contracts on behalf of Pearl Operating. Claimant entered into an express or implied subcontracted with PDS or its subcontractor to provide the materials and services which form the basis for its proof of claim. Claimant did not communicate with Debtors before providing its services and afterwards looked solely to PDS for payment. Claimant’s invoices and other documents including sworn testimony confirm that it provided materials and services to PDS—not to either Debtor. As such, Claimant cannot recover in quantum meruit. Under Texas law, Claimant cannot recover in quantum meruit from Debtors because there was an express or implied contract covering the services and materials furnished by Claimant. Recovery in quantum meruit is barred even if the contract was between Claimant and a third party. In addition, Claimant cannot rely on industry custom to establish the elements of a claim for quantum meruit. Recovery in quantum meruit, or otherwise, is also barred by the statutorily-mandated limitation of liability of TEX. PROP. CODE § 56.043, which provides that an owner cannot be liable to a subcontractor for more than the amount the owner owes the original contractor at the time the subcontractor provides notice of a lien claim. In addition, Claimant’s claim should be disallowed for all the reasons set forth in Appellants’ Brief and Appellants’ Reply

Brief filed in the Eighth District of Texas Court of Appeals, a copy of which is attached hereto and incorporated herein.

4. The proof of claim should not be allowed in whole or in part.
5. The affidavit of Myra Dria, a duly authorized representative of the subject debtors appended to this Objection.
6. Pearl Resources and Pearl Operating reserve the right to assert counterclaims against Claimant.

WHEREFORE, PREMISES CONSIDERED, the Pearl Resources and Pearl Operating respectfully pray that the Court not allow Claimant's claim against them, and grant them such other and further relief to which they are entitled.

Respectfully submitted,

HAWASH CICACK & GASTON LLP

/s/ Walter J. Cicack

WALTER J. CICACK

Texas State Bar No. 04250535

wcicack@hcgllp.com

JEREMY M. MASTEN

Texas State Bar No. 24083454

jmasten@hcgllp.com

3401 Allen Parkway, Suite 200

Houston, Texas 77019

(713) 658-9015 - tel/fax

Attorneys for Debtors

Certificate of Service

I hereby certify that a true and correct copy of the document has been served on counsel of record, through the Court's ECF noticing system, first class mail, and certified mail, return receipt requested, on May 20, 2020.

John A. "Jad" Davis
Katherine L. Petroski
DAVIS, GERALD & CREMER
400 W. Illinois, Suite 1400
Midland, Texas 79701
jadavis@dgclaw.com
klpetroski@dgclaw.com
Attorneys for Charger Services, LLC

/s/ Walter J. Cicack
Walter J. Cicack

AFFIDAVIT OF MYRA DRIA

THE STATE OF TEXAS §
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THE COUNTY OF HARRIS §

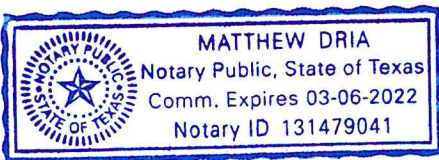
BEFORE ME, the undersigned authority, on this day personally appeared Myra Dria, being personally known by me, who, upon her oath, duly sworn according to law, stated that she is the duly authorized representative of Debtors in the above-numbered and entitled matter, that she is at least eighteen years of age and is not disqualified from making this affidavit, that she has personal knowledge of the matters recited above, and that those matters are true and correct.


SIGNED on this 19th day of May, 2020.



Myra Dria, Authorized Representative of Debtors

19th SUBSCRIBED AND SWORN TO BEFORE ME, the undersigned Notary Public, on the day of May, 2020, to certify which witness my hand and official seal.





Notary Public in and for the State of Texas

Printed Name: MATTHEW DRIA

Commission expires: 03/06/2022